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Sent by email to CDconsultations@ofgem.gov.uk

Dear Arina

Self-disconnection and self-rationing final proposals – statutory consultation, Fuel Bank Foundation response

Thank you again for providing the opportunity for the Fuel Bank Foundation (FBF) to respond to the above consultation; we are particularly delighted that a number of points raised – or indeed concerns highlighted – by the FBF in our previous conversations and responses have been built into the final proposals. The FBF's mission is to champion solutions that avoid self-disconnection, rather than simply mitigating it through a 'Fuel Bank' payment. To date the FBF has supported over 300k consumers across GB, and these proposals, if previously implemented, would have reduced the number of clients who needed our financial support. For that reason, the FBF is really encouraged by and is fully supportive of the vast majority of the regulatory changes proposed by this statutory consultation. We would, however, like to make the following points:

The FBF welcomes the fact that the original timelines were paused which although delayed this final stage, enabled further insight from the COVID-19 to be considered and embedded. The ambition to implement changes prior to winter 2020/21 is absolutely admired: although the FBF supports families year-round, we see an uplift of around 45% in the financial support required by our beneficiaries as the nights draw in and winter (and a greater need for heating) approaches. Our only concern is whether any of the final proposals have been reduced in ambition to enable an implementation this winter. If this is the case we would welcome a two-phase approach where a number of short-term quick wins were implemented prior to the end of 2020, with a second phase of potentially more complex change later in 2021. Our absolute focus is to ensure that changes made improve outcomes for some of the most vulnerable consumers in GB and we would therefore support a longer implementation period for more ambitious change if required.

The FBF has seen real discrepancies in support being provided to their PPM customers in crisis – both where the need has been identified by the supplier, or where the customer has contacted them requesting urgent support and assistance. We would urge further thought around how an improved baseline of self-disconnection support can be delivered to consumers. This safety net would provide

the minimum and of course could be extended by individual suppliers, but at the same time would enable consistent messaging around the basics that a customer could expect. In particular we believe that a minimum threshold for emergency credit is urgently needed since this is the most immediate tool that families approaching self-disconnection use to delay living without heat and light. Suppliers have been able to elect whether to provide emergency credit in the past and we have seen real discrepancies in support delivered, in part because not all suppliers understand self-disconnection to the same level. Leaving suppliers to define the minimum standard for something that they may not fully understand risks not providing consistency this winter. A common minimum would also allow simpler messaging for consumers (and consumer advocates) and would clearly spell out the expectations of any new suppliers entering the market.

The final proposals place responsibilities on suppliers to identify self-disconnection. The FBF believes that this should be extended, to oblige suppliers to work with third parties and to use data analytics to identify when a customer is in immediate risk of self-disconnection. Once a consumer has disconnected the process of reconnection can take time and in all likelihood the customer or household will likely be in a similar situation with other key essentials and services, such as food, rent or mortgage, water, council tax and essential transport. Identifying the support that could avoid self-disconnection before the moment of crisis is key since more sustainable measures can be implemented that reduce the risk of any future reoccurrence. The FBF has promoted to suppliers how data can be used to highlight those households who are at risk of self-disconnection. This includes using data analytics to highlight customers who are topping up more frequently but with increasingly lower values, or where annual or seasonal consumption patterns show a marked decrease from the norm. Although proposals to address rationing have been put on hold for the time being both of the above behavioural attributes indicate a higher propensity for self-disconnection and we would advocate a further amendment to 27A.1, explicitly extending this condition to include those households at risk of self-disconnection. This is particularly important if the fuller proposals around rationing are to be put on hold.

The FBF fully supports the proposal that changes should not be limited to those customers with a smart pre-payment meter. We would urge however a clear expectation – not an aspiration – that the support provided should increase as smart meters are rolled out and real instances of self-disconnection can be more readily identified. We would expect to see suppliers demonstrating a step-change in how self-disconnection is monitored, managed, and mitigated as consumers transition to smart metering, and not waiting until the end of the rollout before any enhancements to service are made. We believe that this is something that Ofgem can drive through both the revisions to the licence conditions proposed by this consultation, and also the existing protections within SCO.

The FBF is aware that not all self-disconnection impacts a vulnerable household and holiday lets or second homes where disconnection is a regular and indeed planned event can make data analysis harder and more complex. We propose for suppliers to record when a property is used for a holiday let or as a second home and so should be outside of the main protections within this consultation. This would also put further onus on suppliers to ensure that they understood their customers and their customers' situations in more detail, and could potentially be collated through existing Social Obligations reporting.

We have some concerns about suppliers assessing whether an additional support credit is suitable since in reality we are unsure how suppliers will determine this, where the financial situation of a company, and the past or forecast future profitability of an individual customer may at times dictate whether additional support is deemed to be suitable. We would urge however that verified referrals from trusted third parties – such as the model developed and pioneered by the Fuel Bank Foundation –

should be used to determine where additional support credit will absolutely be provided. We also believe it would be useful to determine through Social Obligations reporting the volume and value of additional support credits that are provided to customers on a loan or gift basis since this metric will provide interesting insight to the level and mix of support that is being provided.

The FBF has long-advocated for frequent reassessment of both pre-payment being safe and reasonably practicable for consumers, plus a consideration of a customer's ability to pay any previously agreed debt repayment plan and we are therefore really pleased that these final proposals include the changes detailed. We believe that a further evolution that would deliver improved outcomes for consumers would be an annual or bi-annual supplier-led review of all pre-payment customers to ensure that they felt that the safe, practicable and ATP licence conditions were met. This is particularly important because peoples' lives change and situations evolve: through the FBF network we have supported many consumers who are severely ill with a life-threatening condition and although PPM was absolutely safe and practicable many years ago, with hindsight a review today would lead to a different conclusion.

The FBF understands the rationale to park rationing for the time being since this is more complex however it is essential that it does not get forgotten so we propose an annual stakeholder summit to look at rationing in particular, and any particular issues that consumer advocates in particular are seeing. One observation we have from our FBF network is that the most acutely vulnerable have a higher propensity to self-ration following a smart meter being installed and in particular the in-home display being provided. As an example, we have come across pensioners who have used the information presented on their IHD to justify reducing the ambient heat level in their home from 17 to 14 degrees. Although logically sound to them, this demonstrates how additional information, if not properly explained, can lead to inappropriate rationing decisions being made, which at times can be life threatening.

Please don't hesitate to contact me if you would like any further information, or if indeed would like to discuss any of these points further. Please note that our response to the consultation is not confidential and we are happy for it to be placed in the public domain.

I look forward to speaking soon.

Best regards,

Matthew

Matthew Cole
Chair of Trustees – Fuel Bank Foundation